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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/901,553	07/06/2001	Catherine R. Kinney	09163-20801	3832
7590 12/18/2006			EXAMINER	
Milbank, Tweed, Hadley & McCloy LLP			LIVERSEDGE, JENNIFER L	
1 Chase Manhattan Plaza			ART UNIT	
New York, NY 10005-1413			PAPER NUMBER	
			3692	

DATE MAILED: 12/18/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

## Office Action Summary

Application No.

09/901,553

Applicant(s)

KINNEY ET AL.

Examiner

Jennifer Liversedge

Art Unit

3692

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 22 September 2006.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-13, 15-43, 65 and 66 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☒ Claim(s) 1-9, 11-13, 15-40, 42, 43, 65 and 66 is/are allowed.
- 6) ☒ Claim(s) 10 and 41 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- ☐ Notice of References Cited (PTO-892)
- ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- ☒ Information Disclosure Statement(s) (PTO/SB/08)  
Paper No(s)/Mail Date 11/13/2006.
- ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_.
- ☐ Notice of Informal Patent Application
- ☐ Other: \_\_\_\_\_.

## **DETAILED ACTION**

### ***Response to Amendment***

This Office Action is responsive to Applicant's amendment and request for reconsideration of application 09/901,553 filed on September 22, 2006.

The amendment contains original claims: 2-9, 15-40 and 66.

The amendment contains amended claims: 1, 10-13, 41-43 and 65.

Claims 14 and 44-64 have been canceled.

### ***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 10 and 41 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. Computer executable software code transmitted as an information signal does not fall within any of the categories of patentable subject matter set forth in 35 USC § 101.

### ***Allowable Subject Matter***

Claims 1-9, 11-13, 15-40, 42-43 and 65-66 allowed.

The following is a statement of reasons for the indication of allowable subject matter: the prior art fails to teach or suggest the limitations of the independent claims.

Independent claim 1 discloses a method performed by a member securities exchange for processing a non-member transaction on the member securities exchange

Art Unit: 3692

where all securities transactions must be backed by credit of the member, where a non-member institution transmits a securities transaction from the non-member institution to a credit authorization service of the exchange where the value of the securities transaction is compared with a pre-established threshold, where the identify of the non-member institution is removed or masked and the transaction is backed by credit of the member if below a pre-established threshold or rejected if above the pre-established threshold. Dependent claims 2-9 are allowable as they follow from the allowable independent claim 1.

Independent claim 11 discloses a computer-readable medium having computer executable software code to carry out the method as disclosed in claim 1.

Independent claim 12 discloses a programmed computer operated by a member securities exchange for carrying out the method as disclosed in claim 1.

Independent claim 13 discloses a method performed by a member securities exchange for processing a non-member transaction on the member securities exchange where all securities transactions must be backed by credit of the member, where a non-member institution transmits a securities transaction from the non-member institution to a credit authorization service of the exchange where the value of the securities transaction is compared with a pre-established threshold, where the identify of the non-member institution is removed or masked and the transaction is backed by credit of the member if below a pre-established threshold or rejected if above the pre-established threshold. Dependent claims 15-40 are allowable as they follow from the allowable independent claim 13.

Independent claim 42 discloses a computer-readable medium having computer executable software code to carry out the method as disclosed in claim 13.

Independent claim 43 discloses a programmed computer operated by a member securities exchange for carrying out the method as disclosed in claim 13.

Independent claim 65 discloses a method performed by a member securities exchange for processing a securities transaction on the member exchange where all securities transactions must be backed by credit of the member, where a securities transaction is transmitted from a non-member institution to a credit authorization service of the member exchange, wherein the transaction includes a mnemonic for an exchange member and an identity of the non-member institution and the credit authorization service acts as a surrogate for multiple exchange members, wherein the identity of the non-member institution from the transaction is removed and the transaction is exposed to the member exchange backed by credit of the member.

Dependent claim 66 is allowable as it follows from the allowable independent claim 65.

The primary difference between the claimed invention and the prior art is a transaction performed on a member securities exchange in which non-member transactions are received directly by the member securities exchange, being passed through a credit authorization service of the exchange, and then the transactions backed by credit of the member.

While the prior art discloses processing of non-member transactions on a member exchange (Harris et al. Pub. No. US 2002/0032635 A1), the transaction still must first be presented to a member of the exchange, the non-member can not present

Art Unit: 3692

the transaction directly to a securities exchange. Harris does not disclose a transaction performed on a member securities exchange in which non-member transactions are received directly by the member securities exchange, being passed through a credit authorization service of the exchange, and then the transactions backed by credit of the member.

Further, anonymous trading is disclosed using an electronic brokerage system for trading (Togher et al. Patent No. 6,014,627). However, Togher uses intermediaries for transmitting transactions, such that transactions are presented to the market by someone other than the non-member. Togher does not disclose a transaction performed on a member securities exchange in which non-member transactions are received directly by the member securities exchange, being passed through a credit authorization service of the exchange, and then the transactions backed by credit of the member.

In "A trading strategy for beating the spread", published in Money in 1998, written by Jim Frederick, an electronic online trading system is disclosed to facilitate trading. However, the system discloses the use of brokers for presenting the transactions, in this case operating in the online forum. Frederick does not disclose a transaction performed on a member securities exchange in which non-member transactions are received directly by the member securities exchange, being passed through a credit authorization service of the exchange, and then the transactions backed by credit of the member.

### ***Response to Arguments***

Regarding Applicant arguments to the rejection under 35 USC § 101, Examiner responds to the Eolas case and with regards to the Interim Guidelines for Examination of Patent Applications for Patent Subject Matter Eligibility published in late 2005.

The Eolas case, with regards to claim 6 which the district court focused on, claims a computer program product and a computer usable medium (with code thereon). Both a product and a medium are directed to patentable subject matter. Moreover, this case was discussed in early 2005.

In late 2005, the Interim Guidelines for Examination of Patent Applications for Patent Subject Matter Eligibility was published. These guidelines provide the basis for the most current standing on 101 decision making for Examiners. Within these guidelines, specifically in Annex IV Computer-Related Non Statutory Subject Matter, section (c) Electro-Magnetic Signals, in part states "Moreover, it does not appear that a claim reciting a signal encoded with functional descriptive material falls within any of the categories of patentable subject matter set forth in § 101." A detailed discussion follows the quoted material in the Guidelines.

### ***Conclusion***

**THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

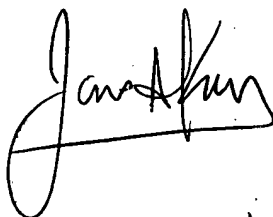
A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within

TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication should be directed to Jennifer Liversedge whose telephone number is 571-272-3167. The examiner can normally be reached on Monday – Friday, 8:30 – 5 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Richard Chilcot can be reached at 571-272-6777. The fax number for the organization where the application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



James Kramer

12/11/06

Jennifer Liversedge

Examiner

Art Unit 3692